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C O N F I D E N T I A L SECTION 01 OF 03 RPO DUBAI 000305

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SUBJECT: IRAN: WELCOMING AMERICANS EVEN AS POST-ELECTION CRISIS
SPELLS TROUBLE FOR THE STRUGGLING TOURISM INDUSTRY

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REASON: 1.4 (b), (d)

1.(C) Summary: Despite claims of large numbers of foreign tourists visiting Iran, the actual number is well below the government figures. Government restrictions, sanctions, and misperceptions of Iran deter tourists and make life difficult for Iranian tour operators trying to attract American and other foreign visitors. Two Iranian tour operators and IRPO contacts who have recently traveled to Iran insisted that Iran has great potential as a tourist destination. Our contacts were captivated by the hospitality offered by Iranians anxious to give foreign tourists a better perception of their country. End Summary.

Few American Tourists

2.(C) Two Iranian tour operators told IRPO recently that the IRIG is notorious for inflating the number of foreign visitors arriving in Iran. Last year, Iran's Cultural Heritage, Handicrafts, and Tourism Organization (ICHHTO) announced that 2 million tourists had visited Iran, whereas the tour operators insisted the number was closer to 50,000 ("They must be using the same guy who counted Ahmadinejad's votes," one of the tour managers joked). Their firm brings between 100 to 200 Americans to Iran each year in two distinct tourist seasons: March through June and October through November. According to the tour operators, although the government does not publish an official tally, 300 to 500 Americans visit Iran each year. With such low numbers, Americans make up a small percentage of Iran's tourists. The tour operators said that most of Iran's tourists are European, particularly German, Italian, and French. There are also a great number of Japanese tourists, while Kuwaitis represent the largest group of Arab visitors, excluding Shia pilgrims from other Arab countries.

3.(C) The tour operators said that they preferred American clients over other nationalities, but that getting Americans to Iran involved negotiating the sanctions regime and the IRIG's own torturous visa process for American citizens. Although technically legal, the tour operators said they find it nearly impossible to accept direct payment from American citizens

because of banking sector sanctions. Instead, their American customers must pay a friend who runs a tourism firm in Italy; the Tehran-based tour operators, in turn, withdraw an equivalent amount from the Italian firm's branch in Iran. Balances are settled at the end of each year, in a system that the tour managers admitted "requires a great deal of trust." The tour operators were very critical of certain sanctions, like the prohibition of the sale of airline parts, which they said unnecessarily jeopardized the lives of foreign tourists and Iranians, alike. (Note: The two tour managers had planned to travel to Yerevan on July 15 on the doomed Caspian Airlines plane that crashed in northwest Iran. At the last minute, they changed their flight to come to Dubai.) Attracting Americans was difficult as well. The majority of their American customers are referred by a handful of U.S. travel agencies through word-of-mouth, and the tour operators said they had tried and failed to get a visa to the U.S. to attend trade and travel shows.

4.(C) American tourists wishing to travel to Iran must first either join a fixed tour group or submit their own travel itinerary to a tour operator. After the agenda is approved by ICHHTO, the Ministry of Foreign Affairs must approve the American tourists' visas, a requirement that is not imposed on any other nationality. Once the MFA approves, it issues a visa number and authorizes a specific Iranian embassy or mission abroad, often the Iranian Interests Section in Washington, D.C., to process the visa. The entire process takes no more than four weeks for Americans and the tour operators insisted that, in 12 years, they only knew of the MFA denying one or two tourist visas for Americans, whom they suspected were journalists attempting to evade Iran's long and complicated press credential process. On arrival, American citizens, in addition to French citizens, must be fingerprinted.

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15. (C) Once in Iran, Americans can extend their visa for one to two weeks relatively easily; according to the tour operators, the MFA will typically approve the extension in three to four hours. If an American wants to deviate from the pre-approved agenda, he or she must notify the ICHHTO and the MFA a day in advance. Again, the tour operators could not recall an incident in which an Americans' agenda adjustment was not approved. (Note: Costs of a tour in Iran are relatively expensive. The tour operators' standard daily rate for a single American traveler is about USD 400, including a guide and a driver.)

6.(C) All American tourists in Iran must be accompanied by a guide at all times, whom the ICHHTO selects from a pre-approved list. The tour operators insisted that, despite rumors, these guides are not "government minders." Most of them eschew politics and have no interest in collecting intelligence on American tourists. According to the tour operators, they are proud of their country and enjoy "showing it off" to Americans. The tour operators did say, however, that these pre-approved guides are trusted by the government and have to file a report afterwards with the ICHHTO stating that the group encountered no problems while in Iran. Nonetheless, the tour operators insisted that American tourists do not visit Iran "in a bubble." Iranians love to discuss politics and the tour operators claimed that just by walking down the street American tourists are bound to hear many statements critical of the government. The tour managers even related a story of a guide who brought an American couple to a polling site in Tehran on the June 12 presidential elections and had the poll workers explain the voting process in great detail.

7.(C) IRPO contacts who recently visited Iran as tourists also said that their guides were not minders, and that they spoke freely, albeit privately, with Iranians they met about the situation in the country, both before and after the election. A Dubai-based American who traveled to Iran June 18 told us that he and his companion were usually left alone during the evening, and walked around Tehran and other cities unescorted, even while protests were on-going. Another IRPO contact, an Asian diplomat, told us that when he was in Iran just prior to the elections, Iranians were eager to speak to him about their country. He said his trip gave him a great appreciation for their hospitality and Iranian culture. At the same time, he said, he believed that Iranians felt isolated and were sensitive to the negative image of the country that Ahmadinejad and others had created. Both our contacts said they saw few other foreign tourists, even in Tehran. One contact said there was a notable presence of Chinese businessmen, however.

18. (C) The tour managers concluded that, considering current political realities, Iran has limited potential as a tourist destination. They complained that Iran lacks the infrastructure and high-end hotels that Western tourists expect. The recent post-election crisis has only further hurt their business. According to the tour managers, the MFA placed a two-week freeze on tourist visas for citizens of the U.S. and EU after the outbreak of violence. The tour operators were traveling with Americans during the demonstrations and were forced to adjust their itineraries in order to keep them out of Tehran, before booking them an earlier flight home. Their firm has not brought any U.S. or UK citizens to Iran since the election. With the Department's updated Travel Advisory, many American tour groups have cancelled planned trips to Iran through March 2010. Although their financial concerns are great, the tour operators, who said they have tried to use tourism to combat the negative images many in the world have of Iran, lamented the diplomatic opportunities that are lost when American tourism decreases. They said that Iranians and Americans share a cultural bond and natural friendship, and each American they have taken to Iran has been overwhelmed by the warm welcome he/she has received from Iranians. They added that things would be much better for American citizens and Iran's tourism industry if a few U.S. diplomats were sent to man the Interests Section in Tehran rather than the Swiss, whom they saw as bureaucratic and not so

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helpful.

COMMENT

19. (C) While USG-sponsored exchange groups traveling to Iran have experienced visa problems in the past, the tour operators' experience suggests that, for the majority of American citizens on private travel, the Iranian tourist visa process is a relatively painless one. Although the tour managers, in the presence of USG officials, may have downplayed the significance of the government-appointed guide for American tourists, our contacts seemed to corroborate the tour operators' statements, at least for average tourists. They shared the tour operators' view that expanded tourism could add to Americans' understanding of the Iran beyond the headlines and an appreciation for the friendliness of the Iranian people.

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